THE NEW INDIAN EXPRESS

BENGALURU • MONDAY • FEBRUARY 02, 2026 • ₹9.00 • PAGES 18 • LATE CITY EDITION

READ **SHARE** FOLLOW
newindianexpress.com

▪ CHENNAI ▪ MADURAI ▪ VIJAYAWADA
▪ BENGALURU ▪ KOCHI ▪ HYDERABAD
▪ VISAKHAPATNAM ▪ COIMBATORE
▪ KOZHIKODE ▪ THIRUVANANTHAPURAM
▪ BELAGAVI ▪ BHUBANESWAR ▪ SHIVAMOGGA
▪ MANGALURU ▪ TIRUPATI ▪ TIRUCHY
▪ TIRUNELVELI ▪ SAMBALPUR ▪ HUBBALLI
▪ DHARMAPURI ▪ KOTTAYAM ▪ KANNUR
▪ VILLUPURAM ▪ KOLLAM
▪ TADEPALLIGUDEM ▪ NAGAPATTINAM
▪ THRISSUR ▪ KALABURAGI

INFRASTRUCTURE
7 high-speed rail corridors
Mumbai-Pune, Hyd-B'luru, Pune-Hyd, Chennai-B'luru, Hyd-Chennai, Delhi-Varanasi, Varanasi-Siliguri

ENVIRONMENT
Backing clean energy
Customs relief for lithium-ion battery inputs, solar and nuclear exemptions, carbon capture funding

AGRICULTURE
High-value crops
Emphasis on coconut, cashew, cocoa, sandalwood, sets aside ₹350cr for this push, aimed at raising farm incomes

MSMEs
₹10K cr MSME growth fund
Big push to small businesses via capital support, faster payments, enhanced credit guarantees

HEALTHCARE
Medical tourism
Destination mapping to boost medical tourism, district trauma care and allied health professional training

MANUFACTURING
₹40K-cr for semiconductors
Focus on renewable technology, battery supply chains and local value addition in advanced goods

EDUCATION
Future readiness
University townships near industrial zones, creative tech labs in schools, committees tying education to jobs

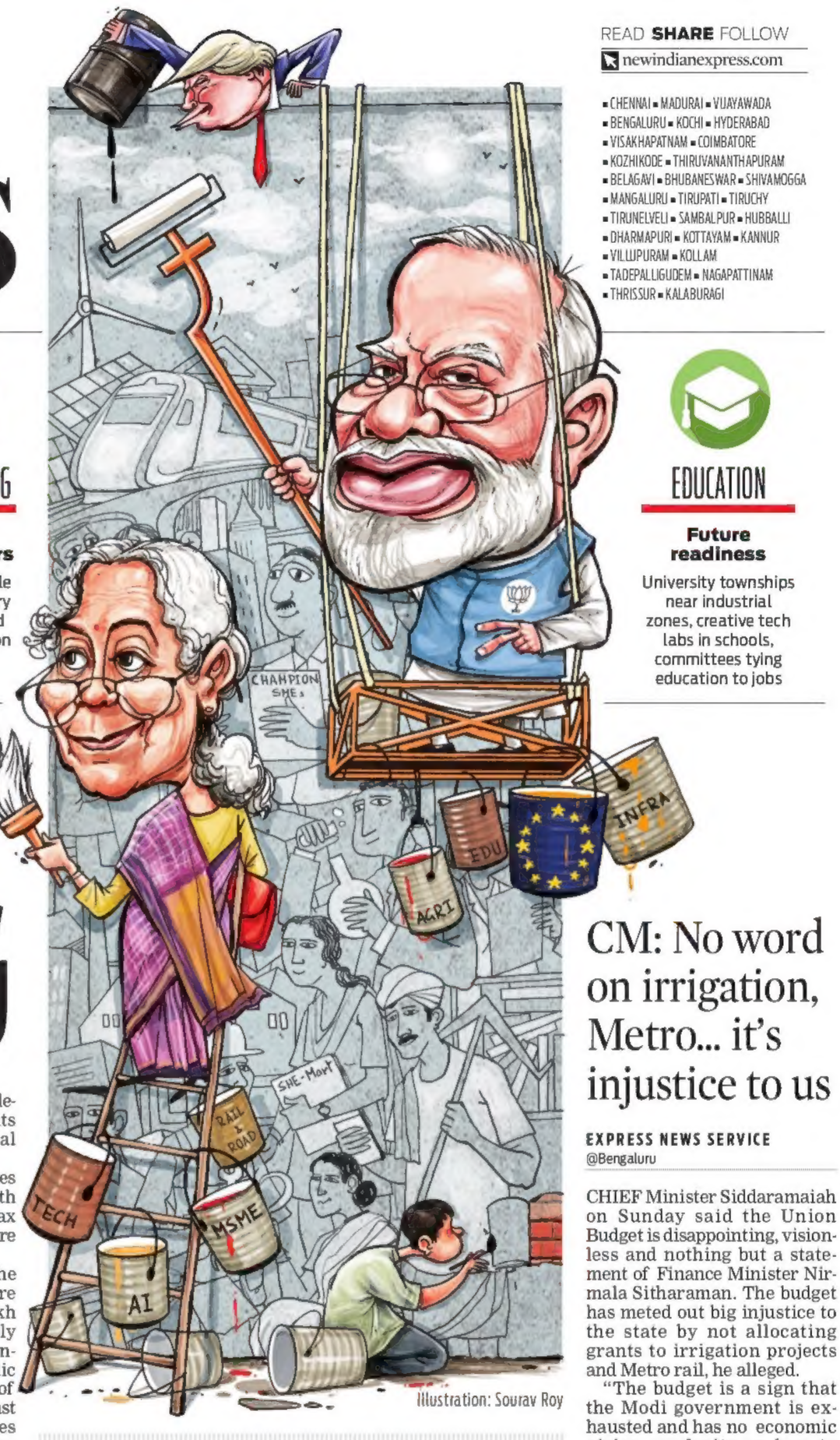

Illustration: Sourav Roy

UNION BUDGET 2026-27
DECODED

20-YR TAX HOLIDAY FOR FOREIGN FIRMS USING INDIAN DATA CENTRES • BOOST FOR TECH AND SUNRISE SECTORS • NO CHANGE IN TAX SLABS

BIG ON SMALL, SMALL ON BIG

Budget will empower the poor, farmers, youth and women. It will boost 'Make in India'

Narendra Modi, PM

A Budget that's blind to India's real crises. Household savings down. Farmers in distress. global shocks —all ignored

Rahul Gandhi, Cong

Budget is progressive. Centre has taken steps to accelerate pace of development. It will turn Viksit Bharat vision into reality

Nitish Kumar, Bihar CM

Government has run out of ideas. Budget doesn't provide solution to political and socio-economic challenges

Mallikarjun Kharge, Congress president

Budget is directionless, visionless, actionless and anti-people. It is also anti-women, anti-farmer, anti-education

Mamata Banerjee, West Bengal CM

DIPAK MONDAL @ New Delhi

UNION Budget 2026-27, presented by Finance Minister Nirmala Sitharaman in Parliament on Sunday, turned out to be a story of unrealised expectations rather than bold reforms. There were no big-bang announcements or path-breaking policy pushes. Instead, the government appeared keen not to disturb the current 'Goldilocks phase' of moderate growth and low inflation.

Expectations were not particularly high, given that the Budget followed two major tax overhauls — Direct Tax Code and GST rate rationalisation — yet, there was hope for a fresh reform impulse. In the end, the finance minister held back more than she unveiled.

There were numerous small measures in the Budget, but none large enough to excite the markets. Instead, a few unexpected moves unsettled the equity market which was already under pressure from persistent foreign institutional investment outflows. Contrary to expectations of a reduction in securities transaction tax (STT), the Budget proposed higher levies on futures and options. The move did not go down well with the markets, which fell over 2%.

The FM clarified that the increase in STT was aimed at curbing high-risk speculative trade and to protect gullible retail investors who were losing money.

As expected, there were no changes in individual tax slabs following last year's increase in the minimum tax threshold to ₹12 lakh.

At the same time, the Budget rolled back the controversial buyback tax rule under which buyback proceeds were treated as deemed dividend income without allowing deduction of acquisition cost. These proceeds will now be taxed as capital gains for all shareholders. Other relief measures included a limited overseas tax amnesty scheme for small taxpayers and a reduction in tax collected at source (TCS) on overseas spending.

Sitharaman's ₹53 lakh crore Budget adopted a cautious rather than ambitious approach. It adhered to the fiscal glide path by pegging the fiscal deficit at 4.3%, just 10 basis points lower than the current year's 4.4% target.

The FM also formally announced a shift in fiscal management focus from fiscal deficit to a debt-to-GDP ratio target of 50±1% by 2030–31.

"In line with this, the debt-to-GDP ratio is estimated at 55.6% of GDP in BE 2026–27, compared to 56.1% in 2025–26. A declining debt-to-GDP ratio will gradually free up resources for priority sector expenditure by reducing interest outgo," she said.

The minister told the media that the government has consistently delivered on its fiscal commitments without compromising on social sector needs.

The modest fiscal targeting comes amid muted revenue growth, with the government missing its FY26 tax collection target of ₹42.7 lakh crore by nearly ₹2 lakh crore.

Despite revenue constraints, the FM increased capital expenditure from ₹11.2 lakh crore to ₹12.2 lakh crore after two years of relatively subdued growth. "We have announced ₹12.2 lakh crore in public expenditure this time. It is 4.4% of GDP, the highest in at least the last 10 years. Such sustained increases in capital expenditure have not happened before," she said.

The government also accepted the 16th Finance Commission's recommendation to retain the vertical devolution share to states at 41%.

To support exporters amid global trade uncertainties, the Budget introduced a series of customs duty changes aimed at lowering input costs for manufacturing and exports, while tightening tax rules in selected areas. This came as part of the strategy to help exporters hit by US trade policies and cut dependence on China for raw materials.

Technology and sunrise sectors received incentives, while the Budget announced a tax holiday until 2047 for foreign companies providing services to customers outside India using data centres located in India. In addition, the government proposed a safe harbour margin of 15% on costs where the data centre service provider in India is a related entity.

The Budget also had a provision for exempting income tax for five years to non-residents providing capital goods or equipment to any toll manufacturer in a bonded zone.

Record capex allocation at ₹12.2 lakh cr in FY27

With a sustained focus on public expenditure, Finance Minister Nirmala Sitharaman raised the capex target to ₹12.2 lakh crore for FY27 from the revised estimate of ₹10.95 lakh crore in FY26. Public capex has increased manifold from ₹2 lakh crore in FY15 to the record levels now

SHOW TIME

Finance Minister Nirmala Sitharaman on Parliament premises before the presentation of the Union Budget | SHEKHAR YADAV

HOW IT FARED

Contrary to expectations of a cut in securities transaction tax (STT), the government proposed higher levies on the futures and options (F&O) segment to curb speculative trading, which has led to significant investor losses

₹12 lakh No change in individual tax slabs following last year's increase in the minimum tax threshold to ₹12 lakh

Controversial buyback tax rule rolled back. Under that rule, buyback proceeds were treated as deemed dividend income without allowing deduction of acquisition cost

41% Govt accepts 16th Finance Commission's recommendation to retain the vertical devolution share to states at 41%

Seven manufacturing sectors including bio-pharma and semiconductors get a push to ensure long-term stability and security

SURPRISES

Tax holiday until 2047 for foreign companies that provide services to customers outside India using data centres in India

Shifting focus to long-ignored sectors like mining, textiles, engineering goods, chemicals, and renewables

We have announced ₹12.2 lakh crore in public expenditure this time. It is 4.4% of GDP, the highest in at least the last 10 years. Such sustained increases in capital expenditure have not happened before
— Nirmala Sitharaman

INSIDE

F&O STT HIKE A CONSCIOUS DECISION: NIRMALA | P5

NO HANDOUTS FOR POLL-BOUND STATES | P7

RELIEF AS GOVT U-TURN FOR BUYBACK TAX | P8

FRESH FOCUS ON AI, JOBS; TAX RELIEF FOR IT SERVICES | P9

MENTAL HEALTH, AFFORDABLE CANCER CARE TOP FOCUS | P10

OVER ₹95K CR ALLOCATION FOR G RAM G SCHEME | P10

CM: No word on irrigation, Metro... it's injustice to us

EXPRESS NEWS SERVICE
@Bengaluru

CHIEF Minister Siddaramaiah on Sunday said the Union Budget is disappointing, visionless and nothing but a statement of Finance Minister Nirmala Sitharaman. The budget has meted out big injustice to the state by not allocating grants to irrigation projects and Metro rail, he alleged.

"The budget is a sign that the Modi government is exhausted and has no economic vision or clarity on how to take the country forward. It has ignored Karnataka and South India again. The promise of a developed India is a mere lip-service as there is no plan to put it into action. This is the most disappointing budget of my political career. It did not go above the corporation budgets of big cities," he commented.

Talking to the media in Kalaburagi, he said Raichur has not been sanctioned an AIIMS, though he met Prime Minister Narendra Modi personally and presented a memorandum.

"To develop Kalyana-Karnataka, we had sought Rs 5,000 crore as matching grants under Section 371(J), but there is not even a mention of it. Annually, the state gives the Centre Rs 4.5-5 lakh crore, but gets only 14% in return. Our demand for placing cess and surcharges under the divisible pool has also not been addressed," he elaborated.

He took exception that the 16th Finance Commission had recommended 4.131% from the central tax pool to the state, as against UP's 17.619% and Bihar's 9.948%. P4

HIKE IN SECURITIES TRANSACTION TAX SENDS MARKETS INTO TAILSPIN

ARSHAD KHAN @ New Delhi

INDIA'S equity market crashed by a whopping 2.88% intraday on Sunday as the government's proposal to raise the securities transaction tax (STT) on derivatives trading triggered widespread sell-off.

The Sensex plummeted 2,370 points, diving below the 80,000 to hit an intraday low 79,899. Similarly, the NSE Nifty tanked 749 points, or 2.95%, to 24,572. They pared some losses and at close, the Sensex was down 1,547 points (1.88%) at 80,723 while Nifty50 settled at 24,825.45, down 495 points (1.95%).

This marks the sharpest Budget day drop in years, barring the 2.5% Covid-induced crash in 2020. In the Nifty50 pack, more than a dozen stocks fell over 4% each with Adani Ports, BEL, Hindalco, SBI, ONGC, Jio Finance and Coal India taking the biggest hits.

Finance Minister Nirmala Sitharaman proposed to raise STT on futures to 0.05% from 0.02%. STT on options premium and exercise of options will also be raised to 0.15% from the present rate of 0.1% and 0.125%, respectively.

She later explained that the STT hike in F&O was to deter small investors who ended up losing money in speculative derivative trades. However, market experts warned that the increase in STT could dampen high-frequency trading and foreign inflows as it increases upfront trading costs.

SENSEX DIVES

State's share of tax pool hiked to 4.13%

The Union Budget's adopted the recommendation of the 16th Finance Commission, increasing Karnataka's share in the Central tax pool to 4.13 per cent, up from 3.64 per cent. This enhancement is expected to add around Rs 12,000 crore to Rs 15,000 crore annually to the State's exchequer. P4

Domestic help rapes, kills woman, hangs self

EXPRESS NEWS SERVICE
@Bengaluru

IN a shocker, a 65-year-old woman was allegedly raped and murdered by her domestic help at her house in KAS Layout, BTM 2nd Stage, within the Mico Layout police limits on Saturday night. The accused later hanged himself in the same room. The victim's 27-year-old daughter, who stays on the first floor of the building, was unaware of the incident. She filed a rape and murder complaint on Sunday. The police are probing whether the victim was raped before she was murdered.

The accused, Devaraju (50), hailed from Hosur in Tamil Nadu. He was working at the victim's house for the past eight years. He also worked in multiple houses in the colony and stayed at the victim's house on Saturday night.

The police suspect that the accused allegedly raped the victim and later strangled her to death. She had injury marks on her neck. P3

Money, not honour, behind triple murder

The investigation into the murder of three members of a family in Vijayanagara has revealed that the crime was driven by greed for money and not honour killing. The accused and his uncle hatched the plot to get their hands on the money kept in fixed deposits | P3

T20 WC: Pak govt disallows team to play India

EXPRESS NEWS SERVICE @ Chennai

THE Pakistan government has said that its cricket team will not take the field for the upcoming T20 World Cup game against India in Colombo on February 15. Ending weeks of speculation, their government confirmed that they would travel to Sri Lanka to take part their place in Group A but they will skip the India clash. "The Government of the Islamic Republic of Pakistan grants approval to the Pakistan Cricket Team to participate in the ICC World T20 2026," their official handle posted.

"However, the Pakistan Cricket Team shall not take the field in the match scheduled on 15th February 2026 against India."

The International Cricket Council (ICC) may be opening informal two-way communications to ensure they can convince them to honour an agreement. Another sticky subject would be broadcast revenue. India-Pakistan match always considered highest grosser. If the match doesn't take place what happens to it? P13